

# Legal Insurance Services

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Malvern, Pa 19355

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415-4547

Howard B. Nathans, JD  
President

Honorable Deirdre Manna  
Acting Director of Insurance  
Illinois Department of Insurance  
320 West Washington Street  
4<sup>th</sup> Floor  
Springfield, Illinois 62767

Attention: Mr. John Gatlin  
Supervising Insurance Analyst

May 4, 2004

RE: Professional Liability Insurance Company of America

NAIC Company Code: 12513

FEIN Number: 13-5667145

Our Filing Number: 00-PLICA-04 - R

Individual Physicians Health Care Professionals Claims-Made Professional  
Liability Insurance Program and Physicians Health Care Professional Groups  
Claims-Made Professional Liability Insurance Program

Introduction of Policy Forms, Declarations, Application, Initial Endorsements

Rules, Exceptions, Rates Manual and Underwriting Guidelines

Effective Date Requested: June 1, 2004

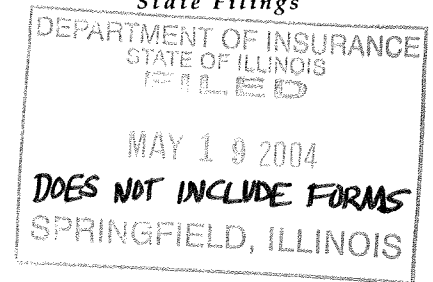
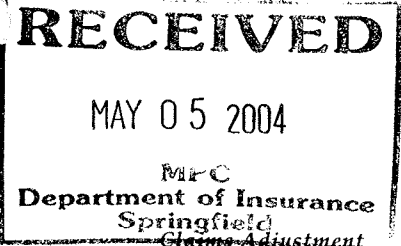
Dear Mr. Gatlin:

On behalf of the Professional Liability Insurance Company of America ("PLICA"), I am enclosing all Policy Forms, Declarations, Application and Endorsements for our new Individual Physicians Health Care Medical Professionals and Physicians Health Care Professional Medical Groups Claims-Made Professional Liability Insurance Programs in Illinois. No previous policy forms, applications or endorsements have been filed.

We are also enclosing our new Rates and Rules Manual, with the required actuarial certification, and underwriting guidelines that PLICA will be using for the programs.

Two copies of this transmittal letter are enclosed with self-addressed stamped envelope. PLICA requests an effective date of June 1, 2004 for its new programs.

Our programs will be targeting most class specialties within all territories in Illinois. It is PLICA's objective to offer coverage to those physicians and surgeons who are currently in the nonstandard markets and otherwise meet our underwriting selectivity criteria and protocol, as well as those physicians who have been or will be canceled or nonrenewed by the standard markets and cannot otherwise obtain coverage for their professional liability exposures. Our program is designed and developed to make available to those



Honorable Deirdre Manna  
May 4, 2004  
Page Two

physicians and surgeons, who meet our underwriting selectivity procedures, an opportunity to obtain coverage with a fully admitted Illinois insurer and thereby alleviate the attrition process contributing to physicians leaving the practice of medicine, or seeking to practice in some other jurisdiction or state.

Full prior acts will be offered to physicians based on risk characteristics and underwriting protocol. Tail coverage will be provided. Both prior acts and tail coverage can be purchased for one year through an unlimited period.

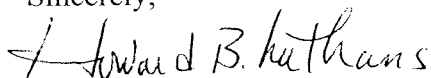
Because PLICA is a start-up company and writing medical malpractice coverage in a distressed and hard target market, we expect that our company will be selected against. Furthermore, because PLICA wants to be an available and affordable solution for physicians professional liability coverage for a long term, it is extremely important to us that our rates be both actuarially sound and competitive. For this reason, both our rates and rules have been actuarially developed based upon current competitors filings. We anticipate being fully operational by July 1, 2004. PLICA's marketing distribution of its products will be through Illinois licensed producers, no one producer will have an exclusivity arrangement and the company will not initially market through direct response methods.

Our policy has been developed to be oriented toward the aggressive defense of frivolous medical malpractice claims and early reporting of potential claims such that PLICA may attempt to control both the frequency and severity of claims. In addition to our underwriting and claims departments, underwriting and claims oversight committees will review any questionable submissions or claims and all of the more convoluted and higher exposure risks.

PLICA looks forward to a long working and productive relationship with the Illinois Department of Insurance and our insureds, and it is our fervent objective to work closely with our insureds and the Illinois Department of Insurance in seeking to help ameliorate the current crisis in medical malpractice insurance availability and affordability.

I may be reached by telephone or facsimile at (610) 415-4547 or via email at hbnathans@yahoo.com.

Sincerely,

A handwritten signature in cursive script that reads "Howard B. Nathans".

Howard B. Nathans  
HBN/lm  
Enclosures



John Gatlin/INS  
06/02/2004 01:02 PM

To: Gayle Neuman/INS@INS  
cc  
bcc  
Subject: Fw: PLICA rate and form filings

----- Forwarded by John Gatlin/INS on 06/02/2004 01:02 PM -----



Howard Nathans  
<hbnathans@yahoo.com>  
06/02/2004 12:58 PM

To: John\_Gatlin@ins.state.il.us  
cc  
Subject: Re: PLICA rate and form filings

John,

Per our telephone conversation of today, May 19, 2004 for effective date of approval on the rates and rules is fine and we will send to you final printed forms as soon as received from printer.

Hioward Nathans

*John\_Gatlin@ins.state.il.us* wrote:

Dear Mr. Nathans,

You indicated that you will overnight the final prints of the forms as soon as you have them. The forms will be stamped FILED the date we receive them as discussed in our phone conversation yesterday. Initially we thought the forms could have the same FILED date stamp as the rate filing but the forms cannot be stamped FILED until we receive the final prints. This is per regulation 753.20 below.

**"Illinois Administrative Code**

**TITLE 50: INSURANCE**

**CHAPTER I: DEPARTMENT OF INSURANCE PART 753: FILING POLICY AND ENDORSEMENTS FORM**

**753.20 Form and Content of Filings**

e) Typed or printer's proof copies may be submitted for review, but must be refiled in printed form. Statements, provisions, or endorsements may not be typed or superimposed on a policy or endorsement."

The rate filing can be stamped FILED the same date as the forms filing if that is what you want or the filing can be stamped FILED as early as 30 days prior to the date we received the rate filing which is in accordance with regulation 929.30 or the rate filing can be stamped FILED 5/19/2004 which is the date you last requested in your e-mail of 5/28/2004.

**"Illinois Administrative Code**

**TITLE 50: INSURANCE**

**CHAPTER I: DEPARTMENT OF INSURANCE PART 929: MEDICAL LIABILITY INSURANCE RULES AND RATE FILINGS**

929.30 Filing Requirements

d) All filings must be received by the Illinois Department of Insurance, Property and Liability Evaluation Section, Springfield, Illinois no later than 30 days after their effective date. "

However, there may have been some confusion early on since we thought we were going to get the final prints right away. We learned later that you were having them printed and would overnight them to us as soon as you have them. If we had the final prints, we would have been able to stamp both filings with the same FILED stamp date. As it stands now, we can stamp the rates FILED 5/19/2004 and the forms will be stamped FILED the date we receive the final prints.

We will wait for your e-mail before we stamp the rate filing with a 5/19/2004 FILED date in case there are any questions.

Thank you,

John Gatlin  
Supervisor, Property and Casualty Compliance Unit  
(217) 782-1786  
Fax: 217-524-2122  
john\_gatlin@ins.state.il.us

State of Illinois  
DEPARTMENT OF INSURANCE  
320 West Washington Street  
Springfield, IL 62767-0001

The Compliance Requirement Checklists for the submission of form filings can be accessed through the Department's WEB Site (<http://www.ins.state.il.us>) by clicking on: Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirement Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE and may be Confidential, Privileged and Exempt from disclosure under applicable laws. If you receive this message in error, please destroy it and notify us by sending an e-mail to John Gatlin (john\_gatlin@ins.state.il.us).

Ms. Gayle Neuman  
Insurance Analyst  
Property and Casualty Compliance Unit  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, Illinois 62767

May 28, 2004

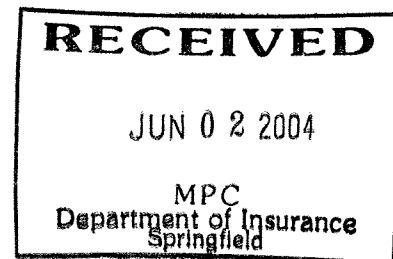
Dear Ms. Neuman:

I hereby certify, as President and CEO of Professional Liability Insurance Company of America ("PLICA"), that the rates and rules which I submitted to the Illinois Department of Insurance on May 4, 2004 on behalf of PLICA, are based upon sound actuarial principles and consider both past and prospective loss and expense experience, and provide for a reasonable margin for underwriting profit and contingencies. Since PLICA is a new company, there is no prior company experience available to use in the determination of the rates, and the rates and rules are therefore not inconsistent with the company's experience.

Sincerely,

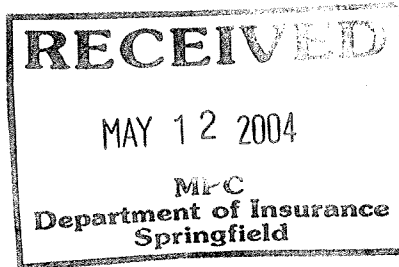
*Howard B. Nathans*

Howard B. Nathans  
President and CEO  
Professional Liability Insurance Company of America





**Milliman** USA  
*Consultants and Actuaries*



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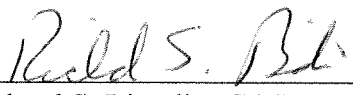
May 11, 2004

Mr. John Gatlin  
Supervising Insurance Analyst  
Product Evaluation Unit  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

Dear Mr. Gatlin:

I am submitting this certification letter on behalf of the Professional Liability Insurance Company of America. Please let me know if I can be of further assistance to you.

Very truly yours,

  
Richard S. Biondi, FCAS, MAAA  
Principal and Consulting Actuary  
Milliman, Inc.

cc: Howard Nathans  
Professional Liability Insurance Co. of America



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May 11, 2004

Mr. John Gatlin  
Supervising Insurance Analyst  
Product Evaluation Unit  
Illinois Department of Insurance  
320 West Washington Street  
Springfield, IL 62767

Dear Mr. Gatlin:

We have prepared the proposed Illinois physicians' rates on behalf of Professional Liability Insurance Company of America ("PLICA"). We hereby certify that the proposed rates and rules are based upon sound actuarial principles, the proposed rates consider past and prospective loss and expense experience, and the proposed rates provide for a reasonable margin for underwriting profit and contingencies. Since PLICA is a new company, there is no prior company experience available to use in the determination of rates.

Very truly yours,

Richard S. Biondi, FCAS, MAAA  
Principal and Consulting Actuary  
Milliman, Inc.

cc: Howard Nathans  
Professional Liability Insurance Co. of America

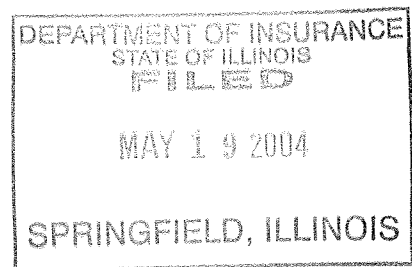
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**PROFESSIONAL LIABILITY INSURANCE CO.  
OF AMERICA**

**ILLINOIS PHYSICIANS'**

**UNDERWRITING RULES AND RATES**

Effective June 1, 2004



Prepared by:

Richard S. Biondi, FCAS  
Joel A. Vaag, ACAS

April 27, 2004

**PROFESSIONAL LIABILITY INSURANCE CO.  
OF AMERICA**

**ILLINOIS PHYSICIANS'**

**UNDERWRITING RULES AND RATES**

Effective June 1, 2004

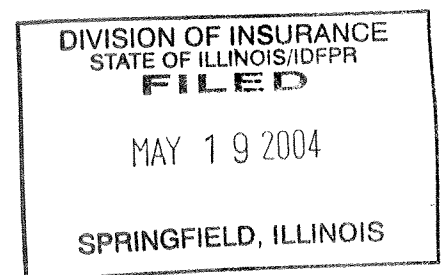
Prepared by:

Richard S. Biondi, FCAS  
Joel A. Vaag, ACAS

August 24, 2004

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*Superseded  
9-1-2004*

## **I. GENERAL INSTRUCTIONS**

- A. This manual contains the rules, rating classifications, and rates governing the underwriting of Physicians', Surgeons', Professional Entity, and Commercial General Liability Insurance by Professional Liability Insurance Co. of America ("PLICA").
- B. The rules, classifications, and rates in this manual are effective as of June 1, 2004.
- C. Additional exposure risks for which coverage is provided on or after the effective dates of any changes in this manual, either by endorsement of outstanding policies or by the issuance of separate policies, shall be written on the basis of the rates and rules in effect at the time coverage is provided.
- D. The following requirements shall be observed in the preparation of policies for insurance covered in this manual:
  - 1. On policies issued to individual physicians, the Named Insured shall be identified in the Declarations page by name and rating medical specialty. Additional insureds shall be identified on attaching endorsements.
  - 2. On policies issued to medical partnerships or medical corporations, the Named Insured shall be identified on the Declarations page by its legal entity name. Additional insureds shall be identified on attaching endorsements.
  - 3. On policies issued to physician clinics, the Named Insured shall be identified on the Declarations page by its legal name. Additional insureds shall be identified on attaching endorsements.
  - 4. Once a policy has been issued, any material changes thereto shall be accomplished by means of endorsement(s).

## **II. GENERAL RULES**

### **A. Rates**

Premiums are calculated by using mature claims-made base rates exhibited in the state rate and rules exception pages for limits of \$1,000,000/\$3,000,000 and by applying applicable other coverage option factors.

If an individual's practice involves two or more rating territories or rating classifications, the highest rated territory or classification applies. Any endorsement changes (including Reporting Endorsement) will be rated in accordance with the Rates and Rules in effect at the time of the change.

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Except with respect to physicians in solo practice, all physicians insured under this plan must carry limits of liability at least equal to the limits of liability carried by any employer whether such employer is:

1. A physician,
2. A partnership or medical corporation, or
3. A physician clinic.

**B. Minimum Premium**

\$500 is the minimum annual policy premium. This also applies to any short-term policy.

The calculation of premium for short term policies, i.e., policies written for a period of less than one year, shall be computed on a pro-rata basis.

**C. Non-Standard Risks (Imposed Deductibles and Surcharges)**

Individuals rejected for standard coverage by PLICA may be individually considered for coverage at an additional premium charge or other applicable coverage conditions and limitations on an individually agreed, consent-to-rate basis.

**D. Claims Made Extended Reporting Endorsement**

Claims-made extended reporting endorsement(s) ("tail coverage") are offered to any insured whose coverage is terminated for any reason (unless coverage is automatically provided within terms of the policy).

**E. Part-Time Eligibility**

A physician may be granted a part-time discount if they work 20 hours or less per week. This includes office, hospital, and charting hours. The physician must also meet the eligibility requirements listed below. Discount is subject to underwriting approval.

Certain specialties are not eligible regardless of the number of hours, including but not limited to: surgeons, first-year physician, etc. A physician who chooses to "work less" than full time is not eligible.

Practice hours of physicians receiving the Part-Time Discount are subject to random audit by PLICA.

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Eligibility Requirements:

1. Semi-retired if 55 years or older, or
2. Reduced practice due to disability, pregnancy, or dependent care, or
3. Majority of time is spent in teaching capacity, or
4. Majority of practice is insured through another entity, employer, or carrier.

**F. Prior Acts/Retroactive Coverage**

The retroactive date of a claims-made policy is the initial effective date of continuous coverage by PLICA, except when PLICA and the insured agree that the retroactive date should precede the initial effective date (prior acts or “nose” coverage). Subject to underwriting approval.

The rates for prior acts/retroactive coverage are adjusted to reflect any significant differences in exposure during the period for which prior acts coverage is written.

The rates for prior acts/retroactive coverage are the following percentages of applicable mature claims-made rates:

1. 25% for one year of prior acts,
2. 42% for two years,
3. 50% for three years,
4. 55% for four years, and
5. 60% for unlimited prior acts coverage.

**G. Cancellations**

The policy can be cancelled by requesting the cancellation in writing and stating the prospective effective date of cancellation.

A policy may be cancelled for non-payment of premium. PLICA will give ten days advanced written notice of cancellation for non-payment of premium. If a policy has been in force sixty days or less and PLICA cancels for any other reason, thirty days written notice of cancellation is given. If a policy has been in force more than sixty days and PLICA cancels for any other reason or non-renews a policy, sixty days written notice is given of such cancellation/non-renewal. If the policy is cancelled:

by PLICA – The earned premium shall be determined on a “pro-rata” basis.

by the insured – The earned premium shall be determined on a “short rate” basis.

In the event of cancellation, Extended Reporting Period Coverage will be offered.

Removal from the state – Subject to state provisions, the policy may be canceled by PLICA after the insured no longer maintains at least 75% of his medical practice within the state of issuance, regardless of whether notice has been given by the insured.

**H. Rate adjustments for changes in exposure**

Premiums must be adjusted to reflect changes in exposure for physicians. The exposure for a physician may change if, for example:

- The physician changes from full-time to part-time practice,
- The physician moves to a different rating territory,
- The physician changes medical specialties and moves to a different rate class.

If such changes occur and, in particular, if the exposure of the physician decreases as a consequence of the change, the physician must pay an additional premium to cover the extended reporting of claims at the old (higher) level of exposure. This additional premium will equal the cost of Extended Reporting Endorsement coverage (see K below) at the old level of exposure, minus the cost of Extended Reporting Endorsement coverage at the new level of exposure.

Although this method of adjusting rates is designed to accommodate most situations, changes in medical practice often result from increasing or decreasing patient loads, additional medical training, relocation of the practice, gradual reduction in practice nearing retirement and other underwriting factors which affect the risk of loss. As a result, PLICA may choose to waive the exposure change adjustment process in specific situations, thereby utilizing the current rating variables without modification. Conversely, a debit under the Scheduled Rating Plan may be applied at the underwriter's discretion, based on more than five years of practice in specialties with long claim emergence patterns, such as Pediatrics or Obstetrics.

### **III. CLASSIFICATION PROCEDURE**

#### **A. Physician Specialty**

Physician Specialty assignment for rating purposes shall be made on the basis of:

1. The physician's "trained medical specialty." Trained medical specialty is defined as follows:
  - a. Completion of a bona fide residency program by the physician, or
  - b. Completion of a bona fide residency and fellowship program by the physician, or
  - c. If neither (1) or (2) are applicable to the physician's circumstances, the type of medical practice engaged in by the physician, including how such physician is holding him/her self out to the public.
2. When applicable, performance or non-performance of medical procedures in accordance with the rules established for this plan in this manual.

#### **B. For Classification Assignment:**

1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery and who do not ordinarily assist in surgical procedures. Incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia are not considered surgical procedures, provided that there is no general anesthesia administered.
2. The term "minor surgery" applies to general practitioners and specialists who perform endoscopies (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C's, vacuum curettage abortions during the first trimester of pregnancy, other similar invasive procedures, or assist in major surgery on their own patients.
3. The term "major surgery" applies to general practitioners and specialists who perform any surgery other than "minor surgery," and to those who assist in major surgery on other than their own patients. Major surgery shall include all operations and procedures performed under general anesthesia.

#### **IV. RATING STEPS**

For each individual physician or surgeon, premium is determined by performing the following calculations in this order.

- A. Obtain mature claims-made rate from state exception page.
- B. Apply the appropriate special rating rule factor for part-time practice, teaching credit, first or second year practice, moonlighting physician, fellows, residents and interns, moonlighting resident, and group size.
- C. Add charges for additional insured employees.
- D. Apply the appropriate decreased/increased limit factor to obtain a limits-adjusted rate.
- E. Apply the total of all applicable merit-rating adjustments.
- F. Apply charge for professional liability entity charge, if applicable.
- G. Apply charge for general liability coverage, if applicable.
- H. Premiums are rounded to the nearest whole dollar.

#### **V. DEDUCTIBLES**

- A. Deductibles apply to indemnity only. Deductible credit factors are applied to the \$1,000,000/\$3,000,000 base rate to derive the deductible credit amount. The amount of the deductible credit is then subtracted from the limits-adjusted rate.

<b>Amount</b>	<b>Deductible Credit</b>
<b>0</b>	0.00
<b>5,000</b>	0.01
<b>10,000</b>	0.03
<b>25,000</b>	0.07
<b>50,000</b>	0.12
<b>100,000</b>	0.21
<b>200,000</b>	0.34
<b>250,000</b>	0.39
<b>300,000</b>	0.44
<b>500,000</b>	0.57

- B. At its discretion, PLICA may require a trust account, letter of credit, or comparable instrument payable to PLICA prior to the issuance of the policy. This would be in an amount at least equal to 3 times the per incident deductible limit.

## VI. SPECIAL RATING RULES

A. Maximum Credit/Maximum Debit: Maximum credit available per insured will be limited to 50%, and maximum debit available per insured will be limited to 50%, except for the following:

1. Part-time exposure rating
2. New doctor discounts
3. Teaching credits
4. Moonlighting physician discounts
5. Fellow, resident, and intern discounts
6. Moonlighting resident discounts
7. Deductibles
8. Risks developing \$100,000 or more annualized premium

B. Part time Exposure Rating: 50% of the otherwise applicable rate applies to physicians (see eligibility requirements under the General Rules) with PLICA-insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the PLICA policy. Other credits may be reduced due to lower premiums with this rating.

C. Teaching Credits: Any insured involved in the teaching of medicine at an accredited medical college or hospital will be eligible for a teaching credit as detailed below. Written verification from the accredited institution must accompany the insured's initial application and be provided at each renewal in order to have the credit applied.

<u>Weekly Patient Contact Time</u>	<u>Discount</u>
Less than 8 hours	65%
8 to 16 hours	50%
17 hours or more	0%

D. First Year Physician: 65% of the otherwise applicable rate applies to physicians and surgeons beginning practice within twelve months after having completed post-graduate internship and/or residency. This discount also applies to the following:

1. Military – To an insured if separated from active military service, without having had any previous practice of any kind.
2. Foreign Country – To a first year physician that practices in the United States if they only previously practiced in a foreign country.

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- E. Second Year Physician: 85% of the otherwise applicable rate applies to a second year physician.
- F. Moonlighting Physician: Physicians and surgeons who perform covered "moonlighting" activities may be eligible to be insured at 50% of the rate applicable to the specialty in which the physician or surgeon is moonlighting.

Covered moonlighting activities include:

1. Physicians and surgeons in active, full-time military service requesting coverage for outside activities.
  2. Full-time Federal Government employed physicians and surgeons (such as V.A. Hospital employees) requesting coverage for outside activities.
  3. Physicians and surgeons employed full-time by the State or County Health Department requesting coverage for outside activities.
- G. Fellows, Residents, and Interns: Coverage may be written for fellows, residents and interns practicing within the scope of their training in the teaching environment. The rate shall generally be 50% of the appropriate specialty classification, but may vary from 25% to 75% depending upon the clinical exposure of each individual rated.
- If fellows, residents, and interns wish to practice outside their training program, coverage may be written at a rate equal to 50% of the appropriate specialty classification.
- H. Moonlighting Resident: 25% of the otherwise applicable rate applies to residents employed part-time outside their residency. The applicable rate is based on their employment practice, not their residency training. Coverage for the residency training itself is excluded.
- I. Group Size Discount: This discount is based solely on the size of the group. It applies to full-time, part-time, and prep physicians only. It does not apply to "limited" part-time physicians.

The group size eligibility is evaluated annually at policy renewal. Changes made to the group size during the policy period will not be reflected until the next policy renewal.

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**Physicians and Surgeons Professional Liability Program**

<u>Group Size</u>	<u>Discount</u>
10-20	5%
20-30	7.5%
31 or more	10%

- J. Suspension of Coverage: Upon an insured's temporary leave from active practice for reasons of health, education, military service, maternity, or other appropriate reason as judged by PLICA, for a period of at least three months and not more than 36 months, claims-made coverage may be "suspended."

20% of the otherwise applicable premium will be charged, subject to minimum premium.

- K. Claims Made Extended Reporting Endorsement ("tail coverage"):

Two options are available, as described below:

1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor exhibited in the state rate pages to the current claims-made rate in effect at the time the tail is issued. Merit rating does not apply to this calculation.
2. Alternatively, three extensions may be issued. One as of the policy termination date and the subsequent two on anniversaries of the termination date. Separate limits apply to each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 35% of the rate applicable to the single unlimited extension. Rates are based upon the current claims-made rate in effect at the time each extension is issued. Merit rating does not apply to this calculation.

## **VII. OPTIONAL COVERAGES**

### **A. Locum Tenens Physician**

A substitute physician in the same risk classification may be added to an insured's policy at no charge until a cumulative period of substitution in one policy period is greater than 30 days.

**B. Death, Disability, and Retirement (“DD&R”) Coverage**

PLICA may offer claims-made coverage with the promise to provide a reporting period extension (“tail”) for no charge under the following conditions:

1. A PLICA insured physician retires at age 55 years or older, and
2. the retiring physician has purchased coverage from PLICA for 5 or more continuous years, or
3. the physician dies or becomes totally disabled during his term of coverage.

**C. Waiver of Consent to Settle Discount**

Any named insured may elect to waive his or her right to consent to settle any claim and give PLICA the sole right to investigate, negotiate, and settle. When any Named Insured makes such an election, a 5% discount shall be applied to the Named Insured’s Premium. Attach Endorsement.

**VIII. PROFESSIONAL LIABILITY ENTITY COVERAGE**

**A. Organization Coverage Charge – Shared Limits**

A professional association, corporation, or other similar professional legal entity will be included as an additional insured with no additional limits of insurance for no additional charge.

**B. Organization Coverage Charge – Separate Limits**

A professional association, corporation, partnership, or other legal entity that is owned by more than a single professional person may purchase a separate limit of liability. This policy is written at limits of liability no greater than the lowest limit written on behalf of any of the owners or members of the organization.

25% of the applicable rate of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

**C. Affiliated Physician**

If an employee has insurance for at least the limits of insurance of the named insured from a carrier other than PLICA, 25% of the rate otherwise applicable to the employee’s specialty can be charged. Subject to underwriting approval.

## **IX. GENERAL LIABILITY**

Insureds can obtain coverage for liabilities arising from Bodily Injury, Property Damage, Personal Injury, Advertising Injury, and Premises Medical Payments. 10% of the applicable rate of the premiums applicable to the professional liability premium will be charged to arrive at the premium for the general liability coverage.

## **X. FULL-TIME EQUIVALENT RATING**

Rating of certain multi-physicians groups may, at PLICA's option, be determined on a full-time equivalent ("FTE") unit basis. Under this rating method, policies may be issued to positions with individuals who may fill such positions identified rather than being issued to specific individuals. An FTE rate will be determined based upon the filed and approved rate for a given classification of physicians or surgeons but will be allocated based upon either the number of average hours of practice for a given specialty or the average number of patient contacts/visits in a 12 month period. A risk with fewer than 50,000 patient encounters each year will not qualify for full-time equivalent rating.

All FTE rated applications shall be referred to the Company.

## **XI. MERIT RATING**

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 100%. Credits and debits are granted only at the time of policy application or renewal; no credits or debits apply to current or expired policy periods.

The total maximum combined credit that may be applied under the Claims-Free Credit Rule and Schedule Rating Plan is 50%, and the total maximum combined debit that may be applied is 50%.

### **D. Claims-free Credit**

PLICA may allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.

The time frame for any claim is based on the date the claim is reported.

The claims-free discount shall not apply to:

1. Any Named Insured with imposed deductibles or surcharges
2. Part-time, "limited" part-time, prep, and auxiliary physicians
3. FTE rated insureds

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Credit schedule:

<u>Years of Claims-Free Experience</u>	<u>Discount</u>
3-5	5%
6-7	10%
8 or more	15%

**E. Schedule Rating Plan**

The premium may be credited or debited based on the total of credits and/or debits derived from the following "risk characteristics" schedule.

The maximum allowable credit for the Schedule Rating Plan is 50%, and the maximum allowable debit is 50%.

Credit or Debit  
Maximum

*Previous Claims History*

0% to +20%

Surcharge applies if physician had more claims than would normally be expected for peer group in same specialty and territory. Surcharge may be mitigated if physician has changed his practice in a way that would prevent same types of claims from occurring again.

*Professional Skills, Quality of Care*

-10% to +10%

Use of a recognized system of clinical guidelines. Relevant board certification. Accreditation status by a recognized regulatory body. The provision of medical care limited to qualified individuals. Continuing education of all professional staff beyond what is required by state licensing regulation. Maintenance of premises and equipment.

*Patient Rapport*

-10% to +10%

Length of service and reputation in community. Established policies and procedures for patient services. Cooperation with PLICA claims management and resolution procedure.

*Record Keeping*

-10% to +10%

A well-maintained patient record system in place: thorough documentation of patient care and interaction; follow-up system for diagnostic studies, consultation and appointments.

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*Risk Management*

*-10% to +10%*

Documented successful completion of an approved office risk analysis and/or education program, including an appropriate response to recommendations made.

Documented attendance at an approved risk management seminar, or successful completion of an approved risk management correspondence course.

**XII. IMPOSED DEDUCTIBLES AND SURCHARGES**

Mandatory deductibles and surcharges may be employed in lieu of cancellation, non-renewal, or declining a risk. There are no aggregate limits on mandatory deductibles. Surcharges are imposed as a percentage of premium. The purpose of either surcharge or deductible is to address extraordinary claims frequency and/or claims severity.

Surcharges and deductibles represent an alternative to cancellation/non-renewal/declination and are accepted as such by an insured.

**XIII. SIZABLE RISK RATING**

If a risk before the application of any filed credits/debits develops an annual premium of at least \$100,000 at \$1,000,000/\$3,000,000 limits, and such individual risk presents exposures or hazards different from those contemplated in the rates and rules filed on behalf of PLICA, the otherwise applicable rates and rules may be modified accordingly. However, PLICA must maintain complete files of how it determined the rate for the risk and make these files available to the Illinois Department of Insurance upon request.

**XIV. RATES, STATE RULES EXCEPTIONS - Illinois**

**A. Illinois Rating Territories:**

Territory	Counties	Relativity
1	Cook, Madison, St. Clair, Will	1.00
2	DuPage, Kane, Lake, McHenry, Vermillion	0.85
3	Champaign, Jackson, Macon, Sangamon	0.80
4	Rest of State	0.60

**B. Mature Claims-Made Rates:**

Specialty Description	Surgery	Specialty Code	Class	Terr. 1	Terr. 2	Terr. 3	Terr. 4
Nurse Practitioner		80116	1	20,500	17,425	16,400	12,300
Physician or Surgeon Assistant		80116	1	20,500	17,425	16,400	12,300
Psychologist		80116	1	20,500	17,425	16,400	12,300
Dental-Non oral surgery	No Surgery	80210	1	20,500	17,425	16,400	12,300
Dental-Oral surgery	Surgery	80211	1	20,500	17,425	16,400	12,300

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Chiropractors	No Surgery	80410	1	20,500	17,425	16,400	12,300
Optometrists		80994	1	20,500	17,425	16,400	12,300
Nurses		80998	1	20,500	17,425	16,400	12,300
Aerospace Medicine	No Surgery	80230	2	30,750	26,138	24,600	18,450
Hypnosis	No Surgery	80232	2	30,750	26,138	24,600	18,450
Occupational Medicine	No Surgery	80233	2	30,750	26,138	24,600	18,450
Pharmacology	No Surgery	80234	2	30,750	26,138	24,600	18,450
Physiatry, Physical Med & Rehabilitation	No Surgery	80235	2	30,750	26,138	24,600	18,450
Public Health	No Surgery	80236	2	30,750	26,138	24,600	18,450
Legal Medicine	No Surgery	80240	2	30,750	26,138	24,600	18,450
Psychiatry-including child	No Surgery	80249	2	30,750	26,138	24,600	18,450
Psychoanalysis	No Surgery	80250	2	30,750	26,138	24,600	18,450
Psychosomatic Medicine	No Surgery	80251	2	30,750	26,138	24,600	18,450
Allergy	No Surgery	80254	2	30,750	26,138	24,600	18,450
Dermatology	No Surgery	80256	2	30,750	26,138	24,600	18,450
Ophthalmology	No Surgery	80263	2	30,750	26,138	24,600	18,450
General Preventative Medicine	No Surgery	80231	3	41,000	34,850	32,800	24,600
Diabetes	No Surgery	80237	3	41,000	34,850	32,800	24,600
Endocrinology	No Surgery	80238	3	41,000	34,850	32,800	24,600
Forensic Medicine	No Surgery	80240	3	41,000	34,850	32,800	24,600
Geriatrics	No Surgery	80243	3	41,000	34,850	32,800	24,600
Gynecology	No Surgery	80244	3	41,000	34,850	32,800	24,600
Rhinology	No Surgery	80247	3	41,000	34,850	32,800	24,600
Rheumatology	No Surgery	80252	3	41,000	34,850	32,800	24,600
Internal Medicine	No Surgery	80257	3	41,000	34,850	32,800	24,600
Laryngology	No Surgery	80258	3	41,000	34,850	32,800	24,600
Neoplastic Diseases	No Surgery	80259	3	41,000	34,850	32,800	24,600
Nephrology	No Surgery	80260	3	41,000	34,850	32,800	24,600
Nuclear Medicine	No Surgery	80262	3	41,000	34,850	32,800	24,600
Pathology	No Surgery	80266	3	41,000	34,850	32,800	24,600
Pediatrics	No Surgery	80267	3	41,000	34,850	32,800	24,600
Physicians - No other classification	No Surgery	80268	3	41,000	34,850	32,800	24,600
Family Physician	No Surgery	80420	3	41,000	34,850	32,800	24,600
Shock Therapy incl. X-Ray Labs.	No Surgery	80431	3	41,000	34,850	32,800	24,600
Acupuncture (other than for anesthesia)	No Surgery	80437	3	41,000	34,850	32,800	24,600
Oncology	No Surgery	80473	3	41,000	34,850	32,800	24,600
Certified Registered Nurse Anesthetist-Hospital based		80960	3	41,000	34,850	32,800	24,600
Certified Registered Nurse Anesthetist-Non-Hospital based		80960	3	41,000	34,850	32,800	24,600
Gastroenterology	No Surgery	80241	4	51,250	43,563	41,000	30,750
Hematology	No Surgery	80245	4	51,250	43,563	41,000	30,750
Infectious Diseases	No Surgery	80246	4	51,250	43,563	41,000	30,750
Nutrition	No Surgery	80248	4	51,250	43,563	41,000	30,750
Cardiovascular Disease	No Surgery	80255	4	51,250	43,563	41,000	30,750
Otorhinolaryngology	No Surgery	80265	4	51,250	43,563	41,000	30,750
Pulmonary Diseases	No Surgery	80269	4	51,250	43,563	41,000	30,750

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Ophthalmology	Minor Surgery	80289	4	51,250	43,563	41,000	30,750
Family Physician	Assisting in Surgery	80423	4	51,250	43,563	41,000	30,750
Anesthesiology	Surgery	80151	5	61,500	52,275	49,200	36,900
Radiology - Diagnostic	No Surgery	80253	5	61,500	52,275	49,200	36,900
Otology	No Surgery	80264	5	61,500	52,275	49,200	36,900
Rhinology	Minor Surgery	80270	5	61,500	52,275	49,200	36,900
Diabetes	Minor Surgery	80271	5	61,500	52,275	49,200	36,900
Endocrinology	Minor Surgery	80272	5	61,500	52,275	49,200	36,900
Gastroenterology	Minor Surgery	80274	5	61,500	52,275	49,200	36,900
Geriatrics	Minor Surgery	80276	5	61,500	52,275	49,200	36,900
Hematology	Minor Surgery	80278	5	61,500	52,275	49,200	36,900
Infectious Diseases	Minor Surgery	80279	5	61,500	52,275	49,200	36,900
Internal Medicine	Minor Surgery	80284	5	61,500	52,275	49,200	36,900
Laryngology	Minor Surgery	80285	5	61,500	52,275	49,200	36,900
Neoplastic Diseases	Minor Surgery	80286	5	61,500	52,275	49,200	36,900
Nephrology	Minor Surgery	80287	5	61,500	52,275	49,200	36,900
Otology	Minor Surgery	80290	5	61,500	52,275	49,200	36,900
Otorhinolaryngology	Minor Surgery	80291	5	61,500	52,275	49,200	36,900
Pathology	Minor Surgery	80292	5	61,500	52,275	49,200	36,900
Pediatrics/Neonatology	Minor Surgery	80293	5	61,500	52,275	49,200	36,900
Physicians - No other classification	Minor Surgery	80294	5	61,500	52,275	49,200	36,900
Angiography, Arteriography or Catheterization	No Major Surgery	80422	5	61,500	52,275	49,200	36,900
Radiation Therapy, Lasers used in therapy	No Surgery	80425	5	61,500	52,275	49,200	36,900
Discograms, Myelography	No Surgery	80428	5	61,500	52,275	49,200	36,900
Laparoscopy (Peritonoscopy)	No Surgery	80440	5	61,500	52,275	49,200	36,900
Needle biopsy (not liver, kidney or bone marrow)		80446	5	61,500	52,275	49,200	36,900
Radiopaque dye injections into blood vessels		80449	5	61,500	52,275	49,200	36,900
Ophthalmology	Surgery	80114	6	82,000	69,700	65,600	49,200
Neurology-including child	No Surgery	80261	6	82,000	69,700	65,600	49,200
Radiology - Diagnostic	Minor Surgery	80280	6	82,000	69,700	65,600	49,200
Family Physician	Minor Surgery	80421	6	82,000	69,700	65,600	49,200
Broncho-Esophagology	Surgery	80101	6	82,000	69,700	65,600	49,200
Endocrinology	Surgery	80103	6	82,000	69,700	65,600	49,200
Gastroenterology	Surgery	80104	6	82,000	69,700	65,600	49,200
Nephrology	Surgery	80108	6	82,000	69,700	65,600	49,200
Surgery - Urological	Surgery	80145	6	82,000	69,700	65,600	49,200
Cardiovascular Disease	Minor Surgery	80281	6	82,000	69,700	65,600	49,200
Dermatology	Minor Surgery	80282	6	82,000	69,700	65,600	49,200
Intensive Care Medicine	Minor Surgery	80283	6	82,000	69,700	65,600	49,200
Neurology-including child	Minor Surgery	80288	6	82,000	69,700	65,600	49,200
Lymphangiography, Phlebography	No Surgery	80434	6	82,000	69,700	65,600	49,200
Colonoscopy, ERCP or Esophageal dilation	No Major Surgery	80443	6	82,000	69,700	65,600	49,200
Podiatry	No Surgery	80993	6	82,000	69,700	65,600	49,200
Podiatry	Minor Surgery	80993	6	82,000	69,700	65,600	49,200

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Emergency Medicine	No Major Surgery	80102	7	102,500	87,125	82,000	61,500
Geriatrics	Surgery	80105	7	102,500	87,125	82,000	61,500
Surgery - Colon and Rectal	Surgery	80115	7	102,500	87,125	82,000	61,500
Family Physician-Major Surgery (Excl OB)	Surgery	80117	7	102,500	87,125	82,000	61,500
Otology	Surgery	80158	7	102,500	87,125	82,000	61,500
Otorhinolaryngology Exc. Plastic/Reconstructive	Surgery	80159	7	102,500	87,125	82,000	61,500
Gynecology	Minor Surgery	80277	7	102,500	87,125	82,000	61,500
Certified Nurse Midwife-Hospital based		80962	7	102,500	87,125	82,000	61,500
Certified Nurse Midwife-Non-Hospital based		80962	7	102,500	87,125	82,000	61,500
Laryngology	Surgery	80106	8	133,250	113,263	106,600	79,950
Family Physician-Major Surgery (Incl. OB, Excl. C-Sec.)	Surgery	80117	8	133,250	113,263	106,600	79,950
Surgery - Plastic-Otorhinolaryngology	Surgery	80155	8	133,250	113,263	106,600	79,950
Rhinology	Surgery	80160	8	133,250	113,263	106,600	79,950
Gynecology	Surgery	80167	8	133,250	113,263	106,600	79,950
Surgery - Hand	Surgery	80169	8	133,250	113,263	106,600	79,950
Surgery - Traumatic	Surgery	80171	8	133,250	113,263	106,600	79,950
Neoplastic Diseases	Surgery	80107	9	164,000	139,400	131,200	98,400
Surgery - Cardiac	Surgery	80141	9	164,000	139,400	131,200	98,400
Surgery - General	Surgery	80143	9	164,000	139,400	131,200	98,400
Surgery - Thoracic	Surgery	80144	9	164,000	139,400	131,200	98,400
Surgery - Vascular	Surgery	80146	9	164,000	139,400	131,200	98,400
Cardiovascular Disease	Surgery	80150	9	164,000	139,400	131,200	98,400
Surgery - Plastic	Surgery	80156	9	164,000	139,400	131,200	98,400
Emergency Medicine	Surgery	80157	9	164,000	139,400	131,200	98,400
Surgery - Abdominal	Surgery	80166	9	164,000	139,400	131,200	98,400
Surgery - Head and Neck	Surgery	80170	9	164,000	139,400	131,200	98,400
Pediatrics / Neonatal	Surgery	80474	9	164,000	139,400	131,200	98,400
Family Physician-Major Surgery (w/OB, incl. C-Sec.)	Surgery	80153	10	205,000	174,250	164,000	123,000
Surgery - Obstetrics and Gynecology	Surgery	80153	10	205,000	174,250	164,000	123,000
Surgery - Orthopedic (No back surgery)	Surgery	80154	10	205,000	174,250	164,000	123,000
Surgery - Orthopedic (With back surgery)	Surgery	80154	10	205,000	174,250	164,000	123,000
Surgery - Obstetrics	Surgery	80168	10	205,000	174,250	164,000	123,000
Neurology-including child	Surgery	80152	10	205,000	174,250	164,000	123,000

C. Decreased Limits Factors for Standard Physicians: Limits that are less than \$1,000,000/\$3,000,000 may be purchased at premiums derived from applying the following decreased limits factors to the \$1,000,000/\$3,000,000 rates (not including any credit applied for a deductible).

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<b>Limit Limit</b>	<b>Decreased Limits Factor</b>
<b>100/300</b>	0.46
<b>200/600</b>	0.59
<b>250/750</b>	0.64
<b>300/900</b>	0.69
<b>500/1500</b>	0.82
<b>1000/3000</b>	1.00

**D. Claims-Made Maturity Factors:**

<b>Claims-Made Year</b>	<b>Claims-Made Multiplier</b>
<b>1 or More</b>	1.00

- E. Extended Reporting Period Coverage(s) ("tail coverage") are offered (unless coverage is automatically provided within terms of the policy) to any insured whose coverage is terminated for any reason. Factors are applied to current claims-made applicable to the expiring policy at the time the extended reporting endorsement is offered. Merit Rating does not apply to the calculation:

<b>Limit on Reporting Tail Claims</b>	<b>Mature Claim-Made</b>
<b>1 Year</b>	1.35
<b>2 Yrs</b>	2.05
<b>3 Yrs</b>	2.35
<b>4 Yrs</b>	2.50
<b>5 or More</b>	2.60

Note: The Claims-Made reporting period extension is calculated by blending the specialty and status maintained for the last five years and using the current territory and Limits of Liability not less than the lowest limits applicable at any time during the last three years of coverage.

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